

# **Wigton Windfarm Limited**

**Financial Statements  
31 March 2021**

# Wigton Windfarm Limited

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31 March 2021

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## Independent auditor's report

To the Members of Wigton Windfarm Limited

### Report on the audit of the financial statements

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#### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Wigton Windfarm Limited (the Company) as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

#### ***What we have audited***

The Company's financial statements comprise:

- the statement of financial position as at 31 March 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Independence***

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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#### Our audit approach

##### ***Audit scope***

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

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### **Other information**

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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### **Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



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## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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### Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Tricia-Ann Smith DaSilva.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants  
Kingston, Jamaica  
25 May 2021

# Wigton Windfarm Limited

## Statement of Comprehensive Income

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 \$'000	2020 \$'000
Sales		2,592,054	2,416,753
Cost of sales		<u>(789,097)</u>	<u>(763,852)</u>
<b>Gross Profit</b>		1,802,957	1,652,901
Other income	6	217,846	220,889
General administrative expenses		<u>(490,708)</u>	<u>(478,577)</u>
<b>Operating Profit</b>		1,530,095	1,395,213
Finance expense	9	<u>(503,089)</u>	<u>(526,643)</u>
<b>Profit before Taxation</b>		1,027,006	868,570
Taxation	10	<u>(234,305)</u>	<u>(205,822)</u>
<b>Net Profit</b>		792,701	662,748
<b>Other comprehensive income, net of taxes -</b>			
<b>Items that will not be reclassified to profit or loss -</b>			
Remeasurements of pension and other post-employment benefits	10	<u>(3,323)</u>	<u>1,272</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>789,378</u>	<u>664,020</u>
Earning per stock unit for profit attributable to the equity holders of the Company during the year	12	<u>\$0.07</u>	<u>\$0.06</u>

**Wigton Windfarm Limited****Statement of Financial Position****31 March 2021**

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 \$'000	2020 \$'000
<b>Non-Current Assets</b>			
Property, plant and equipment	11	6,913,397	7,434,593
Right-of-use assets	22	149,936	165,032
		<u>7,063,333</u>	<u>7,599,625</u>
<b>Current Assets</b>			
Inventories		8,033	6,930
Accounts receivable	15	434,051	289,392
Taxation recoverable		51,167	22,244
Cash and cash equivalents	17	3,241,427	2,679,744
		<u>3,734,678</u>	<u>2,998,310</u>
<b>Current Liabilities</b>			
Due to former parent company	16	-	19,459
Accounts payable	18	79,743	82,105
Current portion of lease liabilities	22	16,405	15,248
Current portion of long-term liabilities	21	20,760	730,258
		<u>116,908</u>	<u>847,070</u>
<b>Net Current Assets</b>			
		<u>3,617,770</u>	<u>2,151,240</u>
		<u>10,681,103</u>	<u>9,750,865</u>
<b>Equity</b>			
Share capital	19	202,598	202,598
Retained earnings		4,016,375	3,254,497
		<u>4,218,973</u>	<u>3,457,095</u>
<b>Non-Current Liabilities</b>			
Capital grants	20	62,743	82,917
Lease liabilities	22	145,905	158,899
Long term liabilities	21	5,579,241	5,559,986
Post-employment benefit obligation	13	33,158	25,357
Pension plan liability	13	818	5,279
Deferred tax liabilities	14	640,265	461,332
		<u>6,462,130</u>	<u>6,293,770</u>
		<u>10,681,103</u>	<u>9,750,865</u>

Approved for issue by the Board of Directors on 25 May 2021 and signed on its behalf:



Oliver W. Holmes

Chairman



Earl Barrett

Managing Director



# Wigton Windfarm Limited

## Statement of Changes in Equity

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Retained Earnings	Total
Note	'000	\$'000	\$'000	\$'000
<b>Balance at 1 April 2019,</b>	11,000,000	202,598	2,590,477	2,793,075
Net profit	-	-	662,748	662,748
Remeasurements of pension and other post-employment benefits	-	-	1,272	1,272
Total comprehensive income for 2020	-	-	664,020	664,020
<b>Balance at 31 March 2020</b>	11,000,000	202,598	3,254,497	3,457,095
Net profit	-	-	792,701	792,701
Remeasurements of pension and other post-employment benefits	-	-	(3,323)	(3,323)
Total comprehensive income for 2021	-	-	789,378	789,378
<i>Transaction with owners</i>				
Dividends paid	-	-	(27,500)	(27,500)
<b>Balance at 31 March 2021</b>	11,000,000	202,598	4,016,375	4,218,973

# Wigton Windfarm Limited

## Statement of Cash Flows

Year ended 31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 \$'000	2020 \$'000
<b>SOURCES OF CASH:</b>			
<b>Operating Activities</b>			
Net Profit		792,701	662,748
Items not affecting cash:			
Depreciation	11	679,501	669,755
Write off of property , plant and equipment		779	-
Gain on sale of property, plant and equipment		-	(1,698)
Interest income	6	(91,173)	(52,660)
Interest expense- loans	9	479,266	494,027
Interest charge on lease liability	9	4,568	13,361
Pension plan liability		(5,919)	83,154
Post-employee benefit obligation		4,828	4,955
Taxation	10	234,305	205,822
Amortisation of upfront fees on loan	9	19,255	19,255
Amortisation of grant	20	(20,174)	(20,173)
Amortisation of right of use asset	22	15,096	11,004
Exchange gain on foreign balances		(81,360)	(34,661)
		<u>2,031,673</u>	<u>2,054,889</u>
Change in operating assets and liabilities:			
Inventory		(1,103)	(6,930)
Accounts receivable		(150,998)	(154,577)
Accounts payable		(2,362)	(37,393)
Due to parent company		(19,459)	-
		<u>1,857,751</u>	<u>1,855,989</u>
Tax paid		(83,187)	(23,039)
Cash provided by operating activities		<u>1,774,564</u>	<u>1,832,950</u>
<b>Financing Activities</b>			
Loans repaid		(710,000)	-
Lease repaid during the year		(16,405)	(15,248)
Interest paid		(478,764)	(496,314)
Dividend paid		(27,500)	-
Cash used in financing activities		<u>(1,232,669)</u>	<u>(511,562)</u>
<b>Investing Activities</b>			
Purchase of property, plant and equipment	11	(159,084)	(108,251)
Proceeds from sale of property plant and equipment		-	2,690
Interest received		97,512	52,660
Cash used in investing activities		<u>(61,572)</u>	<u>(52,901)</u>
Increase in cash and cash equivalents		480,323	1,268,487
Exchange gains on cash and cash equivalents		81,360	34,658
Cash and cash equivalents at beginning of year		2,679,744	1,376,599
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	17	<u><u>3,241,427</u></u>	<u><u>2,679,744</u></u>

The principal non-cash transactions included within the cashflow as at 31 March 2021:

- Amortization of loan fees in the amount of \$19,255,000
- Amortization of the right of use asset in the amount of \$15,096,000.
- Write back of due to parent company in the amount of \$19,459,000

In 2020, the principal non-cash transactions included within the cashflow as at 31 March 2020:

- Amortization of loan fees in the amount of \$19,255,000.
- Amortization of the right of use asset in the amount of \$11,004,000.

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 1. Identification and Activities

Wigton Windfarm Limited (the Company) is incorporated and domiciled in Jamaica. The Company was incorporated on April 12, 2000. It was formerly a wholly owned subsidiary of the Petroleum Corporation of Jamaica. On 22 May 2019, the Company became a publicly listed entity on the Jamaica Stock Exchange's Main Market. The principal activity of the Company is the generation and sale of electricity from wind technology. The Company's registered office is located at 36 Trafalgar Road, Kingston 10.

## 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### (a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Although these estimates are based on managements' best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### ***Standards, interpretations and amendments to published standards effective in the current year***

Certain new standards, interpretations and amendments to existing standards that have been published, became effective during the current financial year. The Company has assessed the relevance of all such new standards, interpretations and amendments and has put into effect the following IFRS, which are immediately relevant to its operations.

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

- **Amendments to IAS 1 and 8 on the definition of material** (effective for annual periods beginning on or after 1 January 2020). The amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRS: i) use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

The amended definition is: "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendment clarifies that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information. It also states that an entity assesses materiality in the context of the financial statements as a whole.

The amendment also clarifies the meaning of 'primary users of general-purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need. The Company was not significantly impacted from the adoption of these amendments.

- **Revised Conceptual Framework for Financial Reporting** (effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework will be used in standard-setting decisions with immediate effect; however, no changes will be made to any of the current accounting standards. Entities that apply the Conceptual Framework in determining accounting policies, will need to consider whether their accounting policies are still appropriate under the revised Framework. The amendment is not expected to have a significant impact on the Company.

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (a) Basis of preparation (continued)

#### ***Standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Company***

At the date of authorisation of these financial statements, the following standards, amendments and interpretations to existing standards have been issued which are mandatory for the Company's accounting periods beginning on or after 1 April 2021 or later periods, but were not effective at the year end date, and which the Company has not early adopted.

- **Amendments to IFRS 16, 'Leases'-Covid-19 related rent concessions** (effective for annual periods beginning on or after 1 June 2020). As a result of coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment is not expected to have a significant impact on the Company.
- **Amendments to IAS 1, Presentation of financial statements' on classification of liabilities** (effective for annual periods beginning on or after 1 January 2022). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment is not expected to have a significant impact on the Company.
- **Amendments to IAS 16 'Property, plant and equipment'** (effective for annual periods beginning or after January 1, 2022). These amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendment is not expected to have a significant impact on the Company.
- **Amendments to IAS 37, 'Provision, contingent liabilities and contingent assets'** (effective for annual periods beginning on or after 1 January 2022). These amendments specify which costs a company includes when assessing whether a contract will be loss-making. The Company is currently assessing the impact of this standard.

# Wigton Windfarm Limited

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

#### (b) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

#### Financial assets

##### *Trade Receivables*

Trade receivables relate mainly to Jamaica Public Service (JPS), through which all of the Company's business is transacted. Receivables are generally due for settlement within 45 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows. The cash flows of the Company's trade receivables are solely payments of principal and interest (SPPI). Subsequent to initial recognition at fair value, the Company measures trade receivables at amortised cost using the effective interest method.

##### *Other Financial Assets at Amortised Cost*

The Company classifies its other financial assets at amortised cost only if both the asset is held within a business model the objective of which is to collect the contractual cash flows and the contractual terms give rise to cash flows that are SPPI. Other financial assets at amortised cost include cash and bank balances, balances due from related parties and other receivables.

##### *Impairment*

The Company's trade receivables and other financial assets at amortised cost are subject to the expected credit loss model in determination of impairment.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates for the ECL at 31 March 2021 are based on the payment profiles for services provided over a period of 36 months respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the Jamaica Public Service (JPS) to settle the receivables. The Company has identified the GDP and the inflation rate to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

# Wigton Windfarm Limited

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Significant Accounting Policies (Continued)

#### (b) Financial instrument (continued)

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 45 days past due. Based on the nature of the client business there were no significant increase in credit risk, and this is solely due to the fact that the Company has a Power Purchase Agreements with its singular customer, JPS.

Where impairment losses on trade receivables have been identified these are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

#### **Financial liabilities**

The Company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At year end date, the following were classified as financial liabilities: accounts payable, due to former parent company and long term liabilities.

Financial instruments on the statement of financial position include cash and cash equivalents, receivables and payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The determination of the fair values of the Company's financial instruments is discussed in Note 3 (d)

#### (c) Foreign currency translation

##### ***Functional and presentation currency***

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Jamaican dollars, which is also the Company's functional currency.

##### ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss in the statement of comprehensive income.

#### (d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities.

The Company recognizes revenue as performance obligations that are satisfied over time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the service being provided to the customer. It is probable that the entity will recognise revenue when the following specific criteria have been met for each of the Company's activities as described below.

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Significant Accounting Policies (Continued)

### (d) Revenue recognition (Continued)

#### ***Sales of electricity***

Sale of electricity is recognised when the Company has generated and transferred the electricity to its customer, the customer has accepted the electricity and collectability of the related receivables is reasonably assured.

Wigton Phase II which was commissioned in December 2010 and supplies 18MW power to the grid. The plant was awarded the avoided rate for the energy it supplies and as per the terms and conditions of the Power Purchase Agreement (PPA), the final rate adjustment for this plant was applied at the end of March 2021. The rate adjustment will translate to approximately fifty percent reduction in the revenue from Wigton Phase II in United States Dollars. This is projected to equate to an overall fourteen percent decrease in revenue in Jamaican Dollars.

#### ***Interest Income and expense***

Interest income and expense are recognised in the statement of comprehensive income for all interest-bearing instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

#### ***Other operating income***

Other operating income is recognised as they accrue unless collectability is in doubt.



# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (e) Property, plant and equipment and depreciation

All property, plant and equipment are recorded at cost less accumulated depreciation. Depreciation is calculated on the straight line basis to write off the cost of each asset, to its residual value over its estimated useful life as follows:

Plant	20 years
Computers	5 years
Service equipment	20 years
Furniture, fixtures and equipment	10 years
Motor vehicles	5 years
Training lab	20 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit. Repairs and maintenance expenses are charged to the profit or loss in the statement of comprehensive income when the expenditure is incurred.

### (f) Impairment of long-lived assets

Property, plant and equipment and other non-current assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

### (g) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges. Current and deferred tax is charged or credited to profit in the statement of comprehensive income, except where they relate to items charged or credited to other comprehensive income or equity, in which case, they are also dealt with in other comprehensive income or equity.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Company's liability for current income tax is calculated at tax rates that have been enacted at year end.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

# Wigton Windfarm Limited

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 2. Summary of Significant Accounting Policies (Continued)

**(h) Accounts receivable**

Recognition, measurement and impairment of trade receivables balances under IFRS 9 are dealt with under note 2 (b).

Bad debts are written off during the year in which they are identified.

**(i) Cash and cash equivalent**

Cash and Cash equivalent are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, deposits held at call with banks and investments in money market instruments with original maturities of 90 days or less, net of bank overdraft.

**(j) Accounts payable**

Payables are recorded at cost.

**(k) Grants**

Capital grants comprise the following:

- (i) The cost less accumulated depreciation of, plant and equipment donated to the company, and
- (ii) Amounts granted to the Company subject to conditions that must be met, the primary condition being that the grant must be used for the acquisition or construction of property, plant and equipment.

The amounts meeting conditions include sums received for the purchase of property, plant and equipment. For each reporting period, an amount equivalent to the depreciation charge on the relevant property, plant and equipment for that period is transferred from capital grants as a credit to income.

**(l) Borrowings**

Loans are recorded at proceeds received net of fees paid. Finance charges, including direct issue costs are accounted for on an accrual basis to the statement of comprehensive income using the effective interest method and are added to the carrying amount of the loan to the extent that they are not settled in the period in which they arise.

**(m) Leases**

**As Lessee**

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the lessee's incremental borrowing rates, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 2. Summary of Significant Accounting Policies (Continued)

### (n) Employee benefits

#### ***Pension benefits***

The Company participates in a defined benefit pension scheme. The scheme is funded through payments to trustee-administered funds, determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of defined benefit plans is the difference between present value of the defined benefit obligation at the reporting date and the fair value of plan assets. Where a pension asset arises, the amount recognised is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan. The pension costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pensions is charged in arriving at profit or loss so as to spread the regular cost over the service lives of the employees in accordance with the advice of the actuaries, who carry out a full valuation of the plans every year. The pension obligation is measured at the present value of the estimated future cash outflows using discount estimated rates based on market yields on government securities which have terms to maturity approximating the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in profit or loss.

A new Defined Benefit Plan was established for Wigton's employees effective 1 April 2020. The Plan was approved by the Financial Services Commission on April 29, 2020.

#### ***Other post-employment benefits***

The Company provides post-employment medical benefits to its retirees through participation in a scheme operated by the former parent company. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit pension plan. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

# Wigton Windfarm Limited

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 2. Summary of Significant Accounting Policies (Continued)

(o) **Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Board of Directors.

(p) **Segment information**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is the Managing Director.

### 3. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

(a) **Credit risk**

The Company takes on exposure to credit risk, which is the risk that its customer, client or counter party will cause a financial loss for the Company by failing to discharge their contractual obligations. Credit exposures arise principally from trade receivables and cash and bank. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties.

**Credit review process**

The Company's operation is such that it only has one customer. As a result of this there is no formal credit review process employed by the Company.

**Maximum exposure to credit risk**

The Company's maximum exposure to credit risk at the year end was as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade and other receivables	215,415	195,610
Cash and cash equivalents	3,241,427	2,679,744
	<u>3,456,842</u>	<u>2,875,354</u>

The above table represents a worst-case scenario of credit risk exposure to the Company at 31 March 2021 and 2020.

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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## 3. Financial Risk Management (Continued)

### (a) Credit risk (continued)

#### *Impairment of financial assets*

The Company has the following types of financial assets subject to IFRS 9's expected credit loss model:

- trade receivables from the sale of electricity, and
- amounts due from the former parent company.

#### **Trade receivables**

The Company's average credit period on sale of electrical energy is 45 days. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, the Company first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors. All other non-specific trade receivables are then grouped based on shared credit risk characteristics and the days past due. The assumptions used in determining the expected credit loss are discussed within note 2(b).

#### ***Aging analysis of receivables that are past due but not impaired***

Receivables that are less than three months past due are considered to have a loss allowance of nil (2020 – nil) based on a probability of default of 0.000%. To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics. As at 31 March 2021, the company had current accounts receivable and other receivables of \$215,415,000 (2020 - \$195,610,000). The trade receivables and other receivables that were past due then were nil (2020 – nil).

### (b) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and secured funding.

#### ***Liquidity risk management process***

The Company's liquidity management process includes procedures to monitor future cash flows and liquidity on a regular basis.

The maturities of assets and liabilities are important factors in assessing the liquidity of the Company and its exposure to changes in interest rates and exchange rates.

# Wigton Windfarm Limited

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (b) Liquidity risk (continued)

##### **Undiscounted cash flows of financial liabilities**

The maturity profile of the Company's financial liabilities at year end based on contractual undiscounted payments was as follows:

	1 to 3 Months \$'000	4 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Total \$'000
<b>At 31 March 2021:</b>					
Accounts payable	51,705	-	-	-	51,705
Lease liabilities	6,100	18,301	97,608	128,118	250,127
Long term liabilities	109,108	323,660	5,016,582	2,467,691	7,917,041
	<u>166,913</u>	<u>341,961</u>	<u>5,114,190</u>	<u>2,595,809</u>	<u>8,218,873</u>
<b>At 31 March 2020:</b>					
Accounts payable	51,166	-	-	-	51,166
Due to former parent company	19,459	-	-	-	19,459
Lease liabilities	8,388	19,276	100,853	141,976	270,493
Long term liabilities	119,416	1,198,769	5,306,493	2,464,419	9,089,097
	<u>198,429</u>	<u>1,218,045</u>	<u>5,407,346</u>	<u>2,606,395</u>	<u>9,430,215</u>

#### (c) Market risk

The Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the treasury department which carries out extensive research and monitors the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk.

# Wigton Windfarm Limited

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 3. Financial Risk Management (Continued)

#### (c) Market risk (continued)

##### (i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The Company manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Company further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

##### Concentrations of currency risk

The table below summarises the Company exposure to foreign currency exchange rate risk at 31 March.

	Jamaican\$ J\$'000	US\$ J\$'000	Total J\$'000
<b>At 31 March 2021:</b>			
<b>Financial Assets</b>			
Receivables	215,415	-	215,415
Cash and cash equivalents	1,650,968	1,590,459	3,241,427
Total financial assets	1,866,383	1,590,459	3,456,842
<b>Financial Liabilities</b>			
Payables	51,705	-	51,705
Lease liabilities	-	162,310	162,310
Long term liabilities	5,600,001	-	5,600,001
Total financial liabilities	5,651,706	162,310	5,814,016
<b>Net financial position</b>	<b>(3,785,323)</b>	<b>1,428,149</b>	<b>(2,357,174)</b>
	<b>Jamaican\$ J\$'000</b>	<b>US\$ J\$'000</b>	<b>Total J\$'000</b>
<b>At 31 March 2020:</b>			
<b>Financial Assets</b>			
Receivables	195,610	-	195,610
Cash and cash equivalents	1,495,070	1,184,674	2,679,744
Total financial assets	1,690,680	1,184,674	2,875,354
<b>Financial Liabilities</b>			
Payables	51,166	-	51,166
Due to former parent company	19,459	-	19,459
Lease liabilities	-	174,147	174,147
Long term liabilities	6,290,244	-	6,290,244
Total financial liabilities	6,360,869	174,147	6,535,016
<b>Net financial position</b>	<b>(4,670,189)</b>	<b>1,010,527</b>	<b>(3,659,662)</b>

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### (i) Currency risk (continued)

##### **Foreign currency sensitivity**

The following tables indicate the currencies to which the Company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 6% devaluation and 2% revaluation (2020 – 6% devaluation and 4% revaluation) change in foreign currency rates. The sensitivity of the profit was as a result of foreign exchange gains/losses on translation of US dollar-denominated financial assets and liabilities.

	%	Effect on
	Change in	Profit before
	Currency Rate	Taxation
	2021	2021
	'000	\$'000
<b>Currency:</b>		
USD	+6%	85,689
USD	-2%	(28,563)
	%	Effect on
	Change in	Profit before
	Currency Rate	Taxation
	2020	2020
	'000	\$'000
<b>Currency:</b>		
USD	+6%	43,047
USD	-4%	(28,698)





# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### (ii) Interest rate risk (continued)

	Fixed rate instrument/Variable rate instrument/Non-Interest Bearing instrument	1 to 3 Months \$'000	4 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non- Interest Bearing \$'000	Total \$'000
<b>Financial Liabilities</b>							
Accounts payable	Non-Interest-Bearing instrument	-	-	-	-	51,705	51,705
Lease liabilities	Fixed rate instrument and Non-Interest Bearing instrument	-	16,405	67,936	77,969	-	162,310
Long term liabilities		-	-	3,577,131	2,002,110	20,760	5,600,001
Total liabilities		-	16,405	3,645,067	2,080,079	72,465	5,814,016
Total interest repricing gap		3,241,392	(16,405)	(3,645,067)	(2,080,079)	142,985	(2,357,174)
Cumulative repricing gap		3,241,392	3,224,987	(420,080)	(2,500,159)	(2,357,174)	

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### (ii) Interest rate risk (continued)

	1 to 3 Months \$'000	4 to 12 Months \$'000	1 to 5 Years \$'000	Over 5 Years \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>At 31 March 2020:</b>						
<b>Financial Assets</b>						
Fixed rate instrument/Variable rate instrument/Non-Interest Bearing instrument	-	-	-	-	195,610	195,610
Non-Interest-Bearing instrument	2,679,709	-	-	-	35	2,679,744
All	2,679,709	-	-	-	195,645	2,875,354
<b>Financial Liabilities</b>						
Non-Interest-Bearing instrument	-	-	-	-	51,166	51,166
Non-Interest-Bearing instrument	-	-	-	-	19,459	19,459
Fixed rate instrument	-	15,248	57,862	101,037	-	174,147
Fixed rate instrument and Non-Interest Bearing instrument	-	697,187	3,578,798	1,998,837	15,422	6,290,244
Accounts payable	-	712,435	3,636,660	2,099,874	86,047	6,535,016
Due to parent company	2,679,709	(712,435)	(3,636,660)	(2,099,874)	109,598	(3,659,662)
Lease liabilities	2,679,709	1,967,274	(1,669,386)	(3,769,260)	(3,659,662)	
Long term liabilities	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-
Total interest repricing gap	2,679,709	(712,435)	(3,636,660)	(2,099,874)	109,598	(3,659,662)
Cumulative repricing gap	2,679,709	1,967,274	(1,669,386)	(3,769,260)	(3,659,662)	

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 3. Financial Risk Management (Continued)

### (c) Market risk (continued)

#### (ii) Interest rate risk (continued)

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the income statement and stockholders' equity.

The sensitivity of the profit or loss is the effect of the assumed changes in interest rate on net income based on the floating rate of non-trading financial assets and financial liabilities. The sensitivity of other comprehensive income is calculated by revaluing fixed rate Fair Value through Other Comprehensive Income (FVOCI) financial assets for the effects of the assumed changes in interest rates.

	2021		2020	
	Effect on Profit before Taxation	Other Comprehensive Income before Tax	Effect on Profit before Taxation	Other Comprehensive Income before Tax
	\$'000	\$'000	\$'000	\$'000
<b>Change in basis points:</b>				
Decrease - JMD -100 and USD -100	(66,282)	(50,507)	(47,519)	(50,694)
Increase - JMD +100 and USD +100	131,006	50,507	99,971	50,694

### (d) Fair value estimation

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The financial instruments that, subsequent to initial recognition, are measured at fair value are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical instruments;
- (ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- (iii) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

# Wigton Windfarm Limited

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 3. Financial Risk Management (Continued)

#### (d) Fair value estimation (continued)

The fair value of the Company's financial instruments that, subsequent to initial recognition, are not measured at fair value is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The fair values of these financial instruments are determined as follows:

- (i) The amounts included in the financial statements for Cash and cash equivalents, accounts receivable and payable and due to former parent company, reflect their approximate fair values due to the short-term nature of these instruments.
- (ii) The fair values of long-term liabilities as disclosed in note 21 approximate their fair values as they are carried at amortised cost and the interest rates are reflective of the current market rates for similar transactions.

#### (e) Capital management

The Company has no specific capital management strategy and is exposed to externally imposed capital requirements through debt covenants as outlined in the loan agreement with JCSD Trustee Services Limited on behalf of Bondholders. The financial covenants include: The Current ratio, Interest coverage ratio, the debt ratio and level of dividends and capital withdrawals. The Company was in compliance with the financial covenants as at the year end.

### 4. Critical Accounting Estimates and Assumptions in Applying Accounting Policies

The Company makes judgements and estimates concerning the future. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### Key sources of estimation uncertainty

##### *Income taxes*

Estimates are required in determining the provision for income taxes. There are some transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for possible tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

# Wigton Windfarm Limited

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

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### 4. Critical Accounting Estimates and Assumptions in Applying Accounting Policies (Continued)

#### ***Depreciable assets***

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The Company applies a variety of methods in an effort to arrive at these estimates. The Company reassesses the useful lives and residual values annually and makes changes based on factors such as technological change, expected level of usage and physical condition of the assets concerned.

#### ***Determining the lease term***

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of land, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not to extend), the Company is typically reasonably certain to extend (or not to terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

### 5. Segment Financial Reporting

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Company is organised and managed in three main reportable segments based on the respective windfarms.

The designated segments are as follows:

- Phase I,
- Phase II, and
- Phase III.

The Company measures the performance of its operating segments through a measure of segment profit or loss which is profit before taxation.

A measure of segment assets is only required to be disclosed if the measure is regularly provided to the chief operating decision-maker (CODM). Segment assets include items of Property, Plant and Equipment.

No other information is reported to or used by the CODM in order to assess performance and allocate resources.

Segment liabilities that are reviewed by the CODM include interest-bearing liabilities.

Revenue from transactions is with the Company's single customer Jamaica Public Service (JPS). There is a contractual agreement that there is a forty-five payment period for final settlement of invoices.

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 5. Segment Financial Reporting (Continued)

	2021			
	Phase I \$'000	Phase II \$'000	Phase III \$'000	Total \$'000
Gross external revenues	802,009	795,797	994,248	2,592,054
Other income	20,174	-	1,481	21,655
Allocated other income	64,771	56,323	75,097	196,191
Total revenue	886,954	852,120	1,070,826	2,809,900
Segment Results	563,649	411,557	554,889	1,530,095
Interest expense				(503,089)
Profit before tax				1,027,006
Taxation				(234,305)
Net profit				792,701
Segment Assets	561,123	2,447,095	4,105,624	7,113,842
Unallocated Assets				3,684,169
<b>Total assets</b>				10,798,011
Segment liabilities	31,311	1,981,931	3,749,069	5,762,311
Unallocated liabilities				816,727
<b>Total liabilities</b>				6,579,038
Other segment items-				
Capital expenditure	52,521	45,670	60,893	159,084
Depreciation	124,410	249,085	306,006	679,501

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 5. Segment Financial Reporting (Continued)

	2020			
	Phase I \$'000	Phase II \$'000	Phase III \$'000	Total \$'000
Gross external revenues	718,185	757,827	940,741	2,416,753
Other income	20,175	-	2,190	22,365
Allocated other income	65,541	56,993	75,990	198,524
Total revenue	803,901	814,820	1,018,921	2,637,642
Segment Results	479,395	394,852	520,966	1,395,213
Interest expense				(526,643)
Profit before tax				868,570
Taxation				(205,822)
Net profit				662,748
Segment Assets	642,384	2,546,917	4,272,700	7,462,001
Unallocated Assets				3,135,934
<b>Total assets</b>				<b>10,597,935</b>
Segment liabilities				
Unallocated liabilities	34,479	2,684,805	3,745,107	6,464,391
<b>Total liabilities</b>				<b>676,449</b>
				<b>7,140,840</b>
Other segment items-				
Capital expenditure	35,738	31,077	41,436	108,251
Depreciation	121,638	246,539	301,758	699,755

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

The primary customer of the Company is Jamaica Public Service (JPS) which operates in Jamaica.



# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 5. Segment Financial Reporting (Continued)

	2021 \$'000	2020 \$'000
<b>Reconciliation of unallocated amounts:</b>		
Unallocated assets		
Property plant and equipment	160,382	137,624
Inventories	8,033	6,930
Accounts receivable	223,160	289,392
Taxation recoverable	51,167	22,244
Cash and cash equivalents	3,241,427	2,679,744
Total unallocated assets	<u>3,684,169</u>	<u>3,135,934</u>
Unallocated liabilities		
Due to former parent company	-	19,459
Accounts payable	79,743	82,105
Post-employment benefit obligation	33,158	25,357
Pension plan liability	818	5,279
Capital grant	62,743	82,917
Deferred tax liabilities	640,265	461,332
Total unallocated liabilities	<u>816,727</u>	<u>676,449</u>

# Wigton Windfarm Limited

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 6. Other Income

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Grant amortisation (Note 20)	20,174	20,173
Interest income	91,173	52,660
Refund of input tax	-	51,359
Insurance claims settlement	-	28,396
Reversal of carbon credit	-	29,363
Reversal of management fees	23,300	-
Miscellaneous	1,839	4,277
Foreign exchange gain	81,360	34,661
	<u>217,846</u>	<u>220,889</u>

### 7. Expenses by Nature

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Auditors' remuneration	2,400	2,400
Depreciation (Note 11)	679,501	669,755
Directors' emoluments –		
Fees	10,788	5,065
Insurance	151,590	91,227
Other expense	78,567	62,132
Professional fees	13,031	12,100
Rental and utility charges	12,508	12,529
Repairs and maintenance	101,087	84,848
Staff costs (Note 8)	158,902	240,353
Security costs	11,341	11,442
Amortisation of right-of -use assets (Note 22)	15,096	11,004
Electricity	44,994	39,574
	<u>1,279,805</u>	<u>1,242,429</u>

# Wigton Windfarm Limited

## Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

### 8. Staff Costs

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Salaries and wages	138,702	129,525
Payroll taxes – Employer's Contribution	10,079	9,524
Pension and other post-employment benefits (Note 13)	8,570	88,984
Other	1,551	12,320
	<u>158,902</u>	<u>240,353</u>

The average number of employees in 2021 was 27 (2020 – 22).

### 9. Finance Expense

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Amortisation of upfront fees on loan	19,255	19,255
Interest charge on lease liability (Note 22)	4,568	13,361
Interest expense – loans	479,266	494,027
	<u>503,089</u>	<u>526,643</u>

# Wigton Windfarm Limited

## Notes to the Financial Statements

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### 10. Taxation

Taxation is based on the profit for the year adjusted for taxation purposes and comprises income tax at 25%. Note 25 details the impact of restatements on taxation.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Current tax	67,703	59,699
Prior year over accrual of taxes	(13,439)	(42)
Deferred taxation (Note 14)	180,041	146,165
	<u>234,305</u>	<u>205,822</u>

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the basic statutory tax rate of the 25% as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit before tax	<u>1,027,006</u>	<u>868,570</u>
Tax calculated at a tax rate of 25%	256,752	217,143
Adjusted for the effects of:		
Income not subject to tax	(5,043)	(12,567)
Expenses not deductible for tax purposes	12,162	12,613
Employment tax credit (ETC)	(16,754)	(12,224)
Prior year over-accrual of taxes	(13,439)	(42)
Net effects of other charges and allowances	627	899
Tax charge	<u>234,305</u>	<u>205,822</u>

Subject to agreement with the Taxpayer Audit and Assessment Department, the Company has tax losses of \$72,897,000 (2020 - \$409,604,000) to carry forward indefinitely against future taxable income.

An ETC is available to unregulated entities. These entities are now able to claim a credit of up to a maximum of 30% of the tax liability resulting from trading income, if statutory deductions (employee and employer) are paid in full by the due date. This has the potential to reduce the effective tax rate. The ETC is not available to carry forward. There are some provisions for the credit to be restricted based on dividend payments and/or other distributions. The Company has recognised an employment tax credit in the amount of \$16,754,000 (2020 - \$12,224,000).

Tax (credit)/charge relating to components of other comprehensive income is as follows:

	<b>2021</b>			<b>2020</b>		
	<b>Before Tax</b>	<b>Tax Effect</b>	<b>After Tax</b>	<b>Before Tax</b>	<b>Tax Effect</b>	<b>After Tax</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Remeasurements of pension and other post-employment benefits (Note 13)	<u>4,431</u>	<u>(1,108)</u>	<u>3,323</u>	<u>(1,696)</u>	<u>424</u>	<u>(1,272)</u>

# Wigton Windfarm Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 11. Property, Plant and Equipment

	Plant \$'000	Computer \$'000	Service Equipment \$'000	Furniture, Fixtures & Equipment \$'000	Training Lab \$'000	Motor Vehicles \$'000	Total \$'000
At Cost or Valuation -							
At 31 March 2019	11,231,500	82,398	568,919	76,422	99,438	47,778	12,106,455
Additions	65	10,242	95,023	2,327	594	-	108,251
Transfers	(241)	-	-	(34)	-	(8,950)	(9,225)
At 31 March 2020	11,231,324	92,640	663,942	78,715	100,032	38,828	12,205,481
Additions	-	8,539	109,949	21,452	-	19,144	159,084
Write off	-	-	(779)	-	-	-	(779)
At 31 March 2021	11,231,324	101,179	773,112	100,167	100,032	57,972	12,363,786
Depreciation -							
At 31 March 2019	3,742,048	63,184	215,743	39,887	12,565	35,939	4,109,366
Charge (Note 7)	562,245	8,559	79,377	8,960	4,987	5,627	669,755
Relieved on disposals	-	-	-	(28)	-	(8,205)	(8,233)
At 31 March 2020	4,304,293	71,743	295,120	48,819	17,552	33,361	4,770,888
Charge (Note 7)	561,162	7,468	91,546	8,993	5,427	4,905	679,501
At 31 March 2021	4,865,455	79,211	386,666	57,812	22,979	38,266	5,450,389
Net Book Value -							
31 March 2021	6,365,869	21,968	386,446	42,355	77,053	19,706	6,913,397
31 March 2020	6,927,031	20,897	368,822	29,896	82,480	5,467	7,434,593

# Wigton Windfarm Limited

## Notes to the Financial Statements

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### 12. Earnings per Stock Unit

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Net profit attributable to shareholders	<u>792,701</u>	<u>662,748</u>
Weighted average number of ordinary shares in issue ('000)	<u>11,000,000</u>	<u>11,000,000</u>
Basic earnings per share	<u><b>\$0.07</b></u>	<u><b>\$0.06</b></u>

On 3 April 2019, at an extraordinary annual general meeting, the shareholders approved the stock split of each ordinary share resulting in an adjustment from 10,000 to 11,000,000,000 shares.

On the 22 May 2019, the company became a listed entity of the Jamaica Stock Exchange (JSE) on the main market, all ordinary shares were authorised for issue with no par value. There were no new shares issued.

### 13. Pension and Other Post-Employment Benefits

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Liability recognised in the statement of financial position:		
Pension plan liability	818	5,279
Post-employment benefit obligation	<u>33,158</u>	<u>25,357</u>
Amounts recognised in profit or loss:		
Pension plan asset	3,476	83,825
Post-employment benefit obligation	<u>5,094</u>	<u>5,159</u>
Total, included in staff costs (Note 8)	<u>8,570</u>	<u>88,984</u>
Amounts recognised in other comprehensive income:		
Pension plan asset	1,458	4,827
Post-employment benefit obligation	<u>2,973</u>	<u>(6,523)</u>
	<u>4,431</u>	<u>(1,696)</u>

# Wigton Windfarm Limited

## Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

### 13. Pension and Other Post-Employment Benefits (Continued)

#### *Pension benefits*

The Wigton Windfarm Limited pension scheme is open to all permanent employees and is administered by trustees. The pension scheme is funded by contributions from employees at a fixed rate, with the employer contributing such funds as are necessary to meet the balance of the liabilities of the plan. The plan is valued annually by an independent actuary. Pension benefits are based on salary at the date of retirement.

(a) The amounts recognised in the statement of financial position are determined as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Present value of funded obligations	110,237	8,881
Fair value of plan assets	(109,419)	(3,602)
Liability in the statement of financial position	<u>818</u>	<u>5,279</u>

The movement in the fair value of plan assets during the year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning of year	3,602	173,198
Past service contribution	89,100	-
Remeasurement of plan assets – experience gains	65	5,104
Assets used to settle liabilities	-	(180,995)
Interest income on plan assets	3,505	2,071
Benefits paid	-	(40)
Contributions	13,147	4,264
At end of year	<u>109,419</u>	<u>3,602</u>

The movement in the present value of the defined benefit obligation during the year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
At beginning of year	8,881	90,496
Current service cost	6,404	7,138
Past service contribution	89,100	-
Interest cost	577	1,026
Liabilities settled	-	(103,263)
	<u>104,962</u>	<u>(4,603)</u>
Remeasurements -		
Losses from change in financial assumptions	(7,433)	-
Experience losses	8,956	9,931
	<u>1,523</u>	<u>9,931</u>
Employee contribution	3,752	3,593
Benefits paid	-	(40)
At end of year	<u>110,237</u>	<u>8,881</u>

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 13. Pension and Other Post-Employment Benefits (Continued)

### *Pension benefits (continued)*

The amounts recognised in arriving at profit or loss were determined as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Current service costs	6,404	7,138
Interest cost on defined benefit obligation	577	1,026
Interest income on plan assets	(3,505)	(2,071)
Settlement cost	-	77,732
Total, included in staff costs (Note 8)	<u>3,476</u>	<u>83,825</u>

The amounts recognised in other comprehensive income were determined as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Remeasurements of the plan assets	1,458	4,827
Remeasurements of the defined benefit obligation	2,973	(6,523)
	<u>4,431</u>	<u>(1,696)</u>

Expected employer contributions for the year ending 31 March 2022 amount to \$11,892,000 (2020: \$711,000).

The distribution of plan assets was as follows:

	<b>2021</b>		<b>2020</b>	
	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>
Equity Fund	27,000	25	-	-
Fixed Income Fund	26,756	24	-	-
Foreign Currency Fund	27,995	26	-	-
CPI Index Fund	26,389	24	-	-
Other	1,279	1	3,602	100
	<u>109,419</u>	<u>100</u>	<u>3,602</u>	<u>100</u>



# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

(expressed in Jamaican dollars unless otherwise indicated)

## 13. Pension and Other Post-Employment Benefits (Continued)

### *Other post-employment benefits*

The Company operates a medical post-employment benefit scheme. Funds are not built up to cover the obligations under this retirement benefit scheme. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes.

The amounts recognised in the statement of financial position were determined as follows:

	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Present value of unfunded obligations	33,158	25,357

The movement in the defined benefit obligation over the year is as follows:

	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
At beginning of year	25,357	26,925
Current service cost	3,270	3,281
Interest cost	1,824	1,878
	<u>30,451</u>	<u>32,084</u>
Remeasurement -		
Experience losses	2,973	(6,523)
Benefits paid	(266)	(204)
At end of year	<u>33,158</u>	<u>25,357</u>

The amounts recognised in arriving at profit or loss were determined as follows:

	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Current service cost	3,270	3,281
Interest cost	1,824	1,878
Total, included in staff costs (Note 8)	<u>5,094</u>	<u>5,159</u>

The amounts recognised in other comprehensive income were determined as follows:

	<b>2021</b> <b>\$'000</b>	<b>2020</b> <b>\$'000</b>
Remeasurement of defined benefit obligation	<u>2,973</u>	<u>(6,523)</u>

# Wigton Windfarm Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 13. Pension and Other Post-Employment Benefits (Continued)

### *Other post-employment benefits (continued)*

#### *Principal actuarial assumptions*

The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate	8.5%	6.50%
Future salary increases	6.5%	5.00%
Future pension increases	0.0%	0.00%
Inflation rate	5.5%	3.00%
Medical cost rate	<u>7.0%</u>	<u>5.50%</u>

The sensitivity of the defined benefit obligation for pension benefits to changes in the principal assumptions is:

	<b>2021</b>		
	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
		<b>\$'000</b>	<b>\$'000</b>
Discount rate	1%	(4,448)	6,108
Future salary increase	1%	3,729	-
Future pension increase	1%	<u>1,986</u>	<u>(3,064)</u>
	<b>2020</b>		
	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
		<b>\$'000</b>	<b>\$'000</b>
Discount rate	1%	(2,031)	2,844
Future salary increase	1%	1,663	(1,358)
Future pension increase	1%	<u>995</u>	<u>-</u>

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

# Wigton Windfarm Limited

Notes to the Financial Statements

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## 13. Pension and Other Post-Employment Benefits (Continued)

### *Other post-employment benefits (continued)*

The sensitivity of other post-employment benefits to changes in the principal assumptions is:

	<b>2021</b>		
	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
		<b>\$'000</b>	<b>\$'000</b>
Discount rate	1%	(7,117)	9,861
Medical cost rate	1%	9,915	(7,260)
		<u>9,915</u>	<u>(7,260)</u>
	<b>2020</b>		
	<b>Impact on defined benefit obligation</b>		
	<b>Change in assumption</b>	<b>Increase in assumption</b>	<b>Decrease in assumption</b>
		<b>\$'000</b>	<b>\$'000</b>
Discount rate	1%	(5,677)	7,963
Medical cost rate	1%	7,963	(5,769)
		<u>7,963</u>	<u>(5,769)</u>

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the post-employment benefits liability recognized within the statement of financial position.

# Wigton Windfarm Limited

Notes to the Financial Statements

31 March 2021

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## 13. Pension and Other Post-Employment Benefits (Continued)

### ***Risks associated with pension and other post-employment benefit plans***

Through its defined benefit pension plan and other post-employment benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

#### **Asset volatility**

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

The Company believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Company's long-term strategy to manage the plans efficiently. See below for more details on the Company's asset-liability matching strategy.

#### **Changes in bond yields**

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' Fixed Income Fund holdings.

#### **Inflation risk**

Higher inflation will lead to higher liabilities. The majority of the plan's assets are unaffected by fixed interest investments, meaning that an increase in inflation will reduce the surplus or create a deficit.

#### **Life expectancy**

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the Company's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due. The Company actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Company has not changed the processes used to manage its risks from previous periods. The Company does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. A large portion of assets in 2021 were invested in the Fixed Income Fund.

The weighted average duration of the pension defined benefit obligation is 45 years, and the weighted average duration of the medical defined benefit obligation is 41 years.

# Wigton Windfarm Limited

## Notes to the Financial Statements

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### 14. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%. Note 25 details the impact of restatements on the deferred income taxes.

The movement on the deferred income tax account is as follows:

	2021 \$'000	2020 \$'000
Balance as at 1 April	(461,332)	(315,591)
Charged in arriving at profit or loss (Note 10)	(180,041)	(146,165)
Credited to other comprehensive income (Note 10)	1,108	424
Balance as at 31 March	<u>(640,265)</u>	<u>(461,332)</u>

The movement in deferred tax assets and liabilities during the period is as follows:

Deferred tax liabilities	Pension Plan Asset	Unrealised Foreign Exchange gains	Accelerated Tax Depreciation	Right of Use Asset	Interest Receivable	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 31 March 2019	(20,676)	-	(886,277)	-	-	(906,953)
Credited/(charged) to profit or loss	23,203	-	(37,379)	(3,812)	(1,934)	(19,922)
Charged to other comprehensive income	(1,207)	-	-	-	-	(1,207)
At 31 March 2020	1,320	-	(923,656)	(3,812)	(1,934)	(928,082)
(Charged)/credited to profit or loss	(1,480)	(1,862)	(38,399)	(33,672)	1,585	(73,828)
Credited to other comprehensive income	365	-	-	-	-	365
At 31 March 2021	<u>205</u>	<u>(1,862)</u>	<u>(962,055)</u>	<u>(37,484)</u>	<u>(349)</u>	<u>(1,001,545)</u>

## Wigton Windfarm Limited

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### 14. Deferred Income Taxes (Continued)

Deferred tax assets	Unrealised and	Post-Employment	Lease	Tax	Total		
	Realised FX losses	Interest Payable	Benefit Obligation	liability		Losses	
	\$'000	\$'000	\$'000	\$'000	\$'000		
At 31 March 2019	403,615	5,636	6,731	-	174,324	1,056	591,362
(Charged)/ credited to profit or loss Credited to other comprehensive income	(51,881)	(557)	(2,023)	-	(71,923)	141	(126,243)
At 31 March 2020	351,734	5,079	6,339	-	102,401	1,197	466,750
(Charged)/ credited to profit or loss Credited to other comprehensive income	(63,893)	111	1,207	40,578	(84,177)	(39)	(106,213)
At 31 March 2021	-	-	743	-	-	-	743
	287,841	5,190	8,289	40,578	18,224	1,158	361,280

# Wigton Windfarm Limited

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## 14. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax assets	361,280	466,750
Deferred tax liabilities	(1,001,545)	(928,082)
	<u>(640,265)</u>	<u>(461,332)</u>
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Deferred tax assets to be recovered after more than 12 months	354,932	452,083
Deferred tax liabilities to be settled after more than 12 months	(999,334)	(926,148)
	<u>(644,402)</u>	<u>(474,065)</u>

# Wigton Windfarm Limited

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## 15. Accounts Receivable

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade	210,891	183,380
Prepayments	186,969	36,352
Taxation recoverable - General Consumption Tax	31,667	57,430
Other	4,524	12,230
	<u>434,051</u>	<u>289,392</u>

## 16. Related Party Transactions and Balances

As at 31 March 2021, the amount payable to the former parent company, Petroleum Corporation of Jamaica (PCJ) was nil (2019- \$19,459,000).

### (a) Key management personnel compensation

The remuneration of members of key management during the year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	25,641	21,714
Pension benefits	2,975	217
Payroll taxes – Employer's Contribution	1,497	1,253
Other post-employment benefits	1,282	1,355
Other	6,736	5,640
	<u>38,131</u>	<u>30,179</u>

The following have been charged in arriving at profit before income tax:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors' emoluments –		
Director Fees	10,788	5,065
Management Remuneration	15,025	15,025
	<u>25,813</u>	<u>20,090</u>



# Wigton Windfarm Limited

Notes to the Financial Statements

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## 17. Cash and Cash Equivalent

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand	5,279	56,459
Short term deposits	1,406,485	726,067
Resale agreements	1,829,663	1,897,218
	<u>3,241,427</u>	<u>2,679,744</u>

The weighted average effective interest rate at the year-end was 2.75% (2020 – 3.11%) on US\$, 3.35% (2020 – 2.58%) on J\$ short term deposits.

## 18. Accounts Payable

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Accruals	45,405	24,297
General Consumption Tax	28,038	30,939
Other payables	6,300	26,869
	<u>79,743</u>	<u>82,105</u>

# Wigton Windfarm Limited

Notes to the Financial Statements

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(expressed in Jamaican dollars unless otherwise indicated)

## 19. Share Capital

	Number of Authorised Shares	Number of Issued Shares	Stated Capital - Ordinary Shares	Total
	'000	'000	\$'000	\$'000
At the beginning and end of the year	11,000,000	11,000,000	202,598	202,598

On the 22 May 2019, the Company became a listed entity of the Jamaica Stock Exchange (JSE) on the main market, all ordinary shares were authorised for issue with no par value. There were no new shares issued.

## 20. Capital Grants

This represents grant received from the Dutch Government to assist in the construction of the Wind turbines and will be amortised over the useful lives of the assets.

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Cost of grant	403,495	403,495
Less: Accumulated amortisation	<u>(340,752)</u>	<u>(320,578)</u>
Closing balance	<u>62,743</u>	<u>82,917</u>
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Opening balance	82,917	103,090
Less: Amortisation (Note 6)	<u>(20,174)</u>	<u>(20,173)</u>
Closing balance	<u>62,743</u>	<u>82,917</u>

# Wigton Windfarm Limited

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## 21. Long Term Liabilities

	2021 \$'000	2020 \$'000
<b>(i) Senior Secured Bonds:</b>		
Series A	-	710,000
Series B	1,953,000	1,953,000
Series C	1,674,587	1,674,587
Series D	2,011,000	2,011,000
Unamortised upfront fees on loan	<u>(59,346)</u>	<u>(78,601)</u>
	5,579,241	6,269,986
Interest Payable	<u>20,760</u>	<u>20,258</u>
	5,600,001	6,290,244
Less: Current portion	<u>(20,760)</u>	<u>(730,258)</u>
	<u>5,579,241</u>	<u>5,559,986</u>

- (ii) This represents capital raised by the Company by way of a placement of a series of JMD denominated senior secured bonds (Bond A-D).

Series A - This bond has a coupon rate of 6.65% with coupon payment frequency on a quarterly basis. This bond was repaid on December 9, 2020.

Series B - This bond has a coupon rate of 7.40% with coupon payment frequency on a quarterly basis. Principal is payable in full at maturity. The maturity date of the bond is 14 December 2023.

Series C - This bond has a coupon rate of 7.90% with coupon payment frequency on a quarterly basis. Principal is payable in full at maturity. The maturity date of the bond is 14 December 2025.

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### 21. Long Term Liabilities (Continued)

#### Senior Secured Bonds (continued)

Series D - This bond has a coupon rate of 8.40% with coupon payment frequency on a quarterly basis. Principal is payable in full at maturity. The maturity date of the bond is 14 December 2028.

The bonds are secured by a debenture setting out a floating charge, over all fixed and floating assets of the Company.

The exposure of the Company's borrowings to interest rate changes and the contractual re-pricing dates at the end of the reporting period are as follows:

	2021 \$'000	2020 \$'000
0-12 months	20,760	730,258
1-5 years	5,579,241	5,559,986
	<u>5,600,001</u>	<u>6,290,244</u>

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Long term liabilities	<u>5,579,241</u>	<u>5,559,986</u>	<u>5,050,676</u>	<u>5,068,699</u>

#### Reconciliation of liabilities arising from financing activities

The table below details changes in the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Company's statement of cash flows as cash flows from financing activities.

	1 April 2020 \$'000	Repayment of principal \$'000	Other movement \$'000	31 March 2021 \$'000
Senior Secured Bonds (A – D)	6,290,244	(710,000)	19,757	5,600,001
	<u>6,290,244</u>	<u>(710,000)</u>	<u>19,757</u>	<u>5,600,001</u>

Other movement represents movement on interest payable and amortisation of loan fees during the period.

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## 21. Long Term Liabilities (Continued)

### *Reconciliation of liabilities arising from financing activities(continues)*

	<b>1 April 2020</b>	<b>Financing cash flows</b>	<b>31 March 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Senior Secured Bonds (A – D)	6,273,277	16,967	6,290,244
	<u>6,273,277</u>	<u>16,967</u>	<u>6,290,244</u>

Financing cash flow represents movement on interest payable and amortisation of loan fees during the period.

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## 22. Leases

(i) *Amount recognised in the statement of financial position*

The statement of financial position shows the following amounts relating to leases:

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Right -of-use assets</b>		
Land	149,936	165,032
	<u>149,936</u>	<u>165,032</u>
<b>Lease Liabilities</b>		
Current	16,405	15,248
Non-Current	145,905	158,899
	<u>162,310</u>	<u>174,147</u>

(ii) *Amounts recognised in the statement of profit and loss. The statement of profit or loss shows the following amounts relating to leases:*

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Amortisation charge of right -of-use assets (Note 7)	15,096	11,004
	<u>15,096</u>	<u>11,004</u>
Interest expense (Note 9)	4,568	13,361
	<u>4,568</u>	<u>13,361</u>

The total cash outflow for leases in 2021 was \$16,405,000 (2020- \$15,248,000).

The Company leases land. These lease contracts are typically made for fixed periods of 20 years.

# Wigton Windfarm Limited

## Notes to the Financial Statements

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### 22. Leases (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments),
- variable lease payment that are based on a rate, initially measured using the rate as at the commencement date
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company's incremental borrowing rate is used, being the rate that the individual Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases
- makes adjustments specific to the lease, for example term, country, currency and security.

The weighted average Company's incremental borrowing rate applied to the lease liabilities as at 31 March 2021 was 7.9% (2020- 7.9%)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Right-of-use assets are generally depreciated/amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

### 23. Dividends

	<b>2021</b>
	<b>\$'000</b>
Dividend	<u>27,500</u>

A dividend of \$0.0025 per stock unit was declared on 2 June 2020 and paid on 13 August 2020. There were no dividends declared subsequent to the year end.

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## 24. Impact of COVID 19

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. In response to this, the Company has implemented several health and safety protocols to protect its employees and stakeholders. COVID-19 has also impacted the lead times for the delivery of spare parts necessary for the scheduled maintenance and repairs of the company's plants. The delays currently being experienced could have negative medium-term effects, due to the inability to carry out preventative maintenance to eliminate component failures and further cascading consequences.

Management continues to closely monitor the situation and adhere to the various government protocols and advice